

SENATE BILL REPORT

SB 6019

As Reported by Senate Committee On:
Health & Long-Term Care, February 24, 2009

Title: An act relating to employee wellness programs.

Brief Description: Concerning employee wellness programs.

Sponsors: Senators Keiser, Parlette, Kilmer, Jarrett, Tom, Holmquist, Pflug, Shin and Schoesler.

Brief History:

Committee Activity: Health & Long-Term Care: 2/23/09, 2/24/09 [DPS].

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: That Substitute Senate Bill No. 6019 be substituted therefor, and the substitute bill do pass.

Signed by Senators Keiser, Chair; Franklin, Vice Chair; Pflug, Ranking Minority Member; Becker, Fairley, Marr, Murray and Parlette.

Staff: Mich'l Needham (786-7442)

Background: Health carriers develop rates for small groups based on an adjusted community rate that may be varied for geographic area, family size, age, and wellness activities. Wellness activities include an explicit activity consistent with Department of Health guidelines, such as smoking cessation, injury and accident prevention, reduction of alcohol misuse, appropriate weight reduction, exercise, automobile and motorcycle safety, blood cholesterol reduction, and nutrition education for the purpose of improving enrollee health status and reducing health service costs. A discount for wellness activities may reflect actuarially justified differences in utilization or cost attributed to such programs.

Summary of Bill (Recommended Substitute): Health insurance carriers may allow a wellness discount of up to 20 percent for small employers that develop and implement a wellness program that directly improves employee wellness. Employers must document program activities and may request a reduction in premiums based on three years of experience.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Carriers may review the employer's claim history to determine whether the wellness program has improved employee health, except carriers may not use claims for maternity or prevention services to deny the employer's request. Carriers may consider such areas as improved productivity or a reduction in absenteeism due to illness if documentation is submitted by the employer. Interested employers may work with the carrier to develop a wellness program and a means to track improved employee health.

EFFECT OF CHANGES MADE BY HEALTH & LONG-TERM CARE COMMITTEE (Recommended Substitute): Health Maintenance Organizations (HMOs) are added to allow HMOs to participate in the wellness discounts for small employers. Must is changed to may, and carriers may review improved employee productivity and reduction in absenteeism when considering whether the employer's wellness program has improved employee health.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill: PRO: A small employer wellness program can bring many benefits. Large employers already can realize the cost reduction with a wellness program; this bill provides small employers the same opportunity to explore premium reductions with carriers and improve the overall health of our employees. We would like to empower our employees to improve their health and make lifestyle choices that will ultimately help with their rising medical premiums too. The current regulations do not allow small employers to access this type of discount for wellness activities. This allows us to work with carries to design and create a program that will benefit everyone. The bill currently excludes HMOs from offering this benefit, and we suggest an amendment add the option for HMOs too.

Persons Testifying: PRO: Donna Steward, Susan Fagan, Association of Washington Business; Don Conant, Valley Nut and Bolt, Inc.; Dave Kaplan, Washington Self-Insurers Association; Sydney Smith Zvara, Association of Washington Health Care Plans; Troy Nichols, National Federation of Independent Business; Amber Ulvenes, Group Health.